

JAMES V. FAZIO, III (CSB NO. 183353)
jamesfazio@sandiegoplaw.com
TREVOR Q. CODDINGTON, PH.D. (CSB NO. 243042)
trevorcoddington@sandiegoplaw.com
SAN DIEGO IP LAW GROUP LLP
12526 High Bluff Drive, Suite 300
San Diego, CA 92130
Telephone: (858) 792-3446
Facsimile: (858) 792-3447

Attorneys for Plaintiff
PARTS.COM, LLC

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

PARTS.COM, LLC,

Plaintiff,

vs.

YAHOO! INC.,

Defendant.

CASE NO. '13CV1078 AJB JMA

COMPLAINT FOR:

**(1) FEDERAL TRADEMARK
INFRINGEMENT;
(2) FEDERAL FALSE DESIGNATION
OF ORIGIN AND UNFAIR
COMPETITION;
(3) COMMON LAW TRADEMARK
INFRINGEMENT AND UNFAIR
COMPETITION;
(4) UNFAIR AND DECEPTIVE
TRADE PRACTICES;
(5) FEDERAL TRADEMARK
DILUTION; AND
(6) STATE TRADEMARK DILUTION
AND INJURY TO BUSINESS
REPUTATION**

DEMAND FOR JURY TRIAL

1 Plaintiff Parts.com, LLC (“Parts.com”) hereby complains of Defendant Yahoo! Inc.
2 (“Yahoo”) and alleges as follows:

3 **INTRODUCTION**

4 1. This is an action at law and in equity for federal and state trademark infringement,
5 trademark dilution, unfair competition, and related claims arising under California state law, the
6 Lanham Act, 15 U.S.C. § 1051 *et seq.*, and federal and state common law.

7 **THE PARTIES**

8 2. Plaintiff Parts.com, LLC (“Parts.com”) is a Delaware limited liability company
9 with its principal place of business located at 2196 Carmel Valley Road, 3rd Floor, Del Mar,
10 California 92014.

11 3. Yahoo! Inc. is a Delaware corporation with its principal place of business located
12 at 701 First Avenue, Sunnyvale, California 94089.

13 **JURISDICTION AND VENUE**

14 4. This Court has subject matter jurisdiction under section 39 of the Lanham Act, 15
15 U.S.C. § 1121, and under 28 U.S.C. §§ 1331 and 1338. This Court has subject matter jurisdiction
16 over Parts.com’s related state and common law claims under 28 U.S.C. §§ 1338(b) and 1367.

17 5. This Court has personal jurisdiction over Yahoo because Yahoo resides in
18 California and has committed and continues to commit acts of infringement and other violations
19 in California (and in this District), and because Yahoo regularly transacts and conducts business
20 in California (and in this District).

21 6. Venue is proper in this District under 28 U.S.C. § 1391(b) and (c) because a
22 substantial part of the acts or omissions giving rise to the claims in this action have occurred in
23 this District, and because a substantial part of the property that is the subject of this action is
24 located in this District.

25 **GENERAL ALLEGATIONS**

26 **Parts.com And Its Mark**

27 7. Parts.com is the online source of over 20 million automotive replacement parts,
28 accessories, catalogues and related automotive materials and equipment for over 40 automobile

1 manufacturers worldwide. Parts.com is the owner of the internet domain www.parts.com and is
2 the owner by assignment of the federally registered trademark parts.com® issued on September
3 16, 2008 (a copy of which is attached hereto as Exhibit A). Parts.com relies almost exclusively
4 on the internet and its website as a source of business. The parts.com® trademark was
5 subsequently assigned from Intelligentz Corporation to Parts.com on January 1, 2012 (a copy of
6 the Notice of Recordation of Assignment dated February 24, 2012 is attached hereto as Exhibit
7 B).

8 8. Since at least January, 2000, Parts.com has been continuously engaged in the
9 business of selling or sourcing automotive replacement parts, accessories, catalogues and related
10 automotive materials and equipment under the parts.com® mark. During that time, Parts.com has
11 expended a significant amount of resources in developing goodwill and brand recognition in and
12 for the parts.com® mark.

13 **Yahoo's Search Engine**

14 9. Yahoo owns and operates one of the world's most-widely Internet search engines.
15 A search engine is a computer program that allows computer users to search the World Wide
16 Web for websites containing particular content. Yahoo's search engine is available not only on
17 its website (www.Yahoo.com), but also on other popular websites that use its search engine.

18 10. To use Yahoo's search engine, a World Wide Web user need only type a few
19 words and hit "enter" (or click on the "Yahoo search" button) to receive a list of hyperlinks to
20 web pages that Yahoo identifies as having content response to the user's search query. Web users
21 may then visit these pages by clicking on the links that Yahoo provides. Yahoo maintains and, on
22 information and belief, many consumers believe, that search results Yahoo returns are the product
23 of an objective formula or algorithm that produces "natural" or "organic" results, i.e., web listings
24 the display and placement of which are not affected by payments to Yahoo from website owners.

25 11. Yahoo, however, does not only provide Internet users with such "organic" search
26 results. Without authorization or approval by Parts.com, Yahoo has sold to third parties the
27 "right" to use the parts.com® mark or terms and phrases including or containing confusingly
28 similar terms, as "keyword" triggers that cause paid advertisements, which Yahoo calls

1 “Sponsored Links,” to be displayed above or alongside the “organic” search results. In many
2 cases, the text and titles of these “Sponsored Links” include the parts.com® mark or terms
3 containing the mark. Thus, when consumers enter the parts.com® mark into a Yahoo search
4 query, instead of being directed to Parts.com’s website, Yahoo’s “Sponsored Links” may instead
5 misdirect them to third party websites that compete with Parts.com or that unrelated to Parts.com.
6 On information and belief, the display and placement of these “Sponsored Links” is not arbitrary
7 but rather is substantially determined or influenced by the amount of money Yahoo receives from
8 advertisers.

9 12. Yahoo’s misuse of the parts.com® mark and phrases including the mark in the
10 display of “Sponsored Links” falsely communicates to consumers that Yahoo’s advertisers are
11 official or sanctioned Parts.com affiliates, or that Parts.com sponsors or endorses Yahoo’s
12 advertisers, or misleads consumers initially interested in finding Parts.com’s websites to websites
13 belonging to third party advertisers.

14 13. Further, when some web users click on the links that Yahoo’s advertisers pay to
15 place above or alongside objective “organic” search results in order to seek information about
16 Parts.com’s goods or services, they are deceived into thinking that they will be provided with
17 official information about Parts.com’s goods and services from Parts.com. On information and
18 belief, however, some of these links and the websites to which they lead provide no such
19 information. In fact, in some or many instances, these links lead to websites that offer goods and
20 services competitive with Parts.com.

21 14. On information and belief, Yahoo also employs other advertising programs that
22 utilize similar types of keywords, including without limitation the parts.com® mark or phrases
23 containing the mark, to cause advertisements to appear on websites across the Internet that
24 themselves display the parts.com® mark or terms containing the mark. On information and
25 belief, many of these advertisements lead Internet users to websites that are not affiliated or
26 associated with Parts.com.

27 **Yahoo’s Search Engine-Based Keyword Advertising Program**

28 15. Yahoo’s search engine is available through its website at www.Yahoo.com.

1 Yahoo also licenses its search engine to other popular websites such as America Online,
2 Netscape, Earthlink, CompuServe, Shopping.com and ask.com. In addition, Yahoo invites
3 consumers to affix a “Yahoo Toolbar” at the top of Internet users’ Internet browsers that allows
4 users to conduct Yahoo searches even when they are not currently visiting www.Yahoo.com or a
5 website that features Yahoo’s search engine.

6 16. Yahoo’s Internet advertising programs allow advertisers to place targeted
7 advertising on the results page of a Yahoo search. When a user types a query into Yahoo’s search
8 engine, that query can trigger advertisements—or Sponsored Links—that will be displayed in two
9 locations on the search results page: (1) the right hand column of the page under a heading titled
10 “Sponsored Links”; and (2) above the natural search results, with a colored background, next to
11 an insignia that says “Sponsored Links”. The ads contain text and a link to the advertiser’s
12 website. In order to have their ads appear on Yahoo’s search results page, Yahoo advertisers bid
13 on keywords or keywords phrases. If a user’s search terms match the keyword or keyword
14 phrase, the advertiser’s ad is displayed on the search results pages.

15 17. On information and belief, in a substantial portion of searches, Yahoo’s
16 advertising program makes two distinct uses of a given keyword on behalf of a paying advertiser.
17 First, Yahoo uses the keyword to trigger the “Sponsored Link” advertisements. Second, Yahoo
18 sometimes publishes the keyword as part of the advertisement itself. Accordingly, when the
19 keyword in question is a trademark, Yahoo can make confusing use of that mark in two different
20 ways: (1) as a keyword trigger; and (2) as part of the advertisement itself.

21 18. On several instances from 2007 to the present, an internet search of the term
22 “parts.com” using Yahoo’s search engine returned a result listing two or more sponsored links
23 bearing the title “Parts.com” that linked to the websites of third party entities unrelated or
24 unaffiliated with Parts.com. A copy of one recent search conducted on April 18, 2013 is attached
25 hereto as Exhibit C. This same search on other search engines such as ask.com does not return
26 this result. Parts.com does not sponsor a link on Yahoo. Yahoo’s sponsored links have caused
27 significant initial interest confusion and have diverted and continue to divert internet traffic and
28 sales leads from Parts.com to unrelated or competitive entities, resulting in lost sales, loss of

1 goodwill, trademark dilution and damages to Parts.com. Upon information and belief, Yahoo has
2 received significant compensation from advertisers and vendors unaffiliated with Parts.com by
3 illegally using and selling the parts.com® mark as a keyword to advertisers to divert and drive
4 internet traffic to these other advertisers and vendors via Yahoo sponsored links.

5 19. In 2004, internal studies performed by Google Inc. indicated there was significant
6 source confusion among Internet searchers when trademarks were included in the title or body of
7 advertisements. Parts.com's parts.com® mark is included in the title, i.e., hyperlink, of Yahoo's
8 advertisements as alleged herein.

9 **Yahoo's Unauthorized Use of the Parts.com® Mark**

10 20. Parts.com has not directly or indirectly given Yahoo any permission, authority or
11 license to use or sell the right to use the parts.com® mark for the promotion of the goods or
12 services of any third parties.

13 21. Nevertheless, Parts.com is informed and believes and based thereon alleges that
14 Yahoo has in fact sold to third party advertisers the right to "use" the parts.com® mark as part of
15 Yahoo's search engine-based advertising program. As a result, Yahoo sells advertising and the
16 links to websites using the parts.com® mark that are unaffiliated and unassociated with
17 Parts.com. In fact, many of Yahoo's "Sponsored Links" containing parts.com draw and divert
18 consumers away from Parts.com's website.

19 22. Moreover, Yahoo's use of the parts.com® mark within the titles and text that
20 Yahoo posts as part of some "Sponsored Links" misleadingly communicates to users that such
21 links are endorsed or sponsored by Parts.com, or that such websites are official Parts.com
22 affiliates or websites when they are not.

23 23. Even if users realize that a given website is not affiliated with Parts.com, once
24 users reach the third party advertiser's website while intending to shop for parts.com, initial
25 interest confusion has occurred and the damage to Parts.com is done. Many consumers or users
26 are likely either to stay at the third party advertiser's website or to stop searching for Parts.com's
27 website. Web users may also associate the quality of the products and services offered on the
28 third party advertiser's website with those offered by Parts.com and, if not satisfied with such

1 goods and services, may decide to avoid Parts.com's products and services in the future.

2 24. Although these examples are illustrative of the problems created by Yahoo, they
3 are not exhaustive and do not describe all the means by which Yahoo's infringing use of the
4 parts.com® mark is likely to mislead or confuse consumers. Because of the dynamic nature of
5 Yahoo's algorithms, programming and display advertising, Yahoo either is misleading or will
6 mislead consumers in innumerable different ways. Accordingly, it is impossible for Parts.com to
7 cure this problem merely by pursuing remedies against Yahoo's third party advertisers.

8 25. As a result of Yahoo's infringement of the parts.com® mark and other
9 misconduct, Parts.com can demonstrate it has lost revenues from online sales of parts and
10 accessories of at least \$2 million per year.

11 **FIRST CLAIM FOR RELIEF**
12 **(Federal Trademark Infringement)**

13 26. Parts.com realleges and incorporates by references paragraphs 1 through 25 of this
14 Complaint as though set forth fully herein.

15 27. This cause of action arises under Section 32 of the Lanham Act, 15 U.S.C. §1114,
16 for infringement of a federally registered trademark.

17 28. Yahoo's unauthorized use of the term parts.com to sponsor or provide links to the
18 websites of vendors unaffiliated and unassociated with Parts.com is likely to cause confusion,
19 mistake and/or deception as to the origin or source of the goods and services associated with the
20 Parts.com® mark, to cause initial interest confusion and also to mislead consumers into believing
21 such goods and services originate from, are affiliated with, or are sponsored, authorized, approved
22 or sanctioned by Parts.com.

23 29. Yahoo's unauthorized use in commerce of the keyword or term parts.com to
24 sponsor or provide links to the websites of third party advertisers and vendors unaffiliated and
25 unassociated with Parts.com constitutes infringement of Parts.com's federally registered
26 trademark parts.com®.

27 30. Yahoo's acts and misconduct alleged herein have caused and will continue to
28 cause Parts.com monetary damages, loss and injury in an amount not yet ascertained but in excess

1 of the jurisdictional requirement of this Court.

2 31. Yahoo's acts and misconduct alleged herein have been and continue to be willful.

3 32. Unless and until enjoined by this Court, Yahoo's acts and misconduct will
4 continue to cause Parts.com irreparable damage, loss and injury for which Parts.com has no
5 adequate remedy at law.

6 **SECOND CLAIM FOR RELIEF**

7 **(Federal False Designation of Origin and Unfair Competition)**

8 33. Parts.com realleges and incorporates by references paragraphs 1 through 32 of this
9 Complaint as though set forth fully herein.

10 34. This cause of action arises under Section 43(a) of the Lanham Act, 15 U.S.C.
11 §1125(a), for false designation of origin and unfair competition.

12 35. As the exclusive owner and user of the parts.com® mark, Parts.com possesses
13 valuable common law rights to the mark and the goodwill associated with it.

14 36. Yahoo's unauthorized use of the term parts.com to sponsor or provide links to the
15 websites of vendors unaffiliated and unassociated with Parts.com constitutes use in commerce of
16 a false designation of origin that is likely to cause confusion, or to cause mistake, or to deceive
17 actual or potential consumers as to the affiliation, connection, or association of Yahoo with
18 Parts.com, or as to the origin, sponsorship, or approval of Parts.com's goods and/or services by
19 Yahoo, or conversely, of Yahoo's goods and services by Parts.com.

20 37. Yahoo's unauthorized use of the term parts.com to sponsor or provide links to the
21 websites of vendors unaffiliated and unassociated with Parts.com constitutes use in commerce of
22 a term confusingly similar to Parts.com's parts.com® mark in violation of 15 U.S.C. §1125(a).

23 38. Yahoo's unauthorized use of the term parts.com to sponsor or provide links to the
24 websites of vendors unaffiliated and unassociated with Parts.com has caused and will continue to
25 cause Parts.com monetary damage, loss and injury in an amount not yet ascertained but in excess
26 of the jurisdictional requirement of this Court.

27 39. Yahoo's acts and misconduct alleged herein have been and will continue to be
28 willful.

1 confusion or misunderstanding as to the source, sponsorship, or approval of Yahoo's sponsored
2 links, causing a likelihood of confusion as to Yahoo's affiliation, connection, or association with
3 Parts.com, and otherwise damaging Parts.com and the consuming public. Yahoo's acts and
4 misconduct are likely to mislead and/or deceive the general public and therefore constitutes unfair
5 and deceptive acts or practices in the course of a business, trade, or commerce in violation of
6 California's Calif. Bus. & Prof. Code § 17200.

7 50. Yahoo's acts and misconduct alleged herein constitute unfair competition under
8 Section 43a of the Lanham Act, 15 U.S.C. § 1125(a) and trademark infringement under Section
9 32 of the Lanham Act, 15 U.S.C. § 1114, and are therefore unlawful acts in violation of
10 California Bus. & Prof. Code §§ 17200, *et seq.*

11 51. Yahoo's unlawful and deceptive business practices present a continuing threat to,
12 and is meant to deceive or mislead members of, the public in that Yahoo continues to promote or
13 sponsor links to websites of vendors of goods and services unaffiliated with Parts.com by
14 wrongfully using and trading on the goodwill of the parts.com® trademark in the display of
15 search results and sponsored links.

16 52. As a direct and proximate result of Yahoo's acts and misconduct alleged herein,
17 Parts.com has sustained damage, injury and loss for which there is no adequate remedy at law and
18 such damage, injury and loss will continue unless and until enjoined by this Court. Yahoo's
19 unauthorized use of the term "Parts.com" has caused and is likely to cause substantial injury to
20 the public and to Parts.com. Parts.com is entitled to injunctive relief and to disgorgement of all of
21 Yahoo's profits and monies caused by its acts of unfair competition.

22 **FIFTH CLAIM FOR RELIEF**
23 **(Federal Trademark Dilution)**

24 53. Parts.com realleges and incorporates by references paragraphs 1 through 52 of this
25 Complaint as though set forth fully herein.

26 54. Since at least 2000, Parts.com has exclusively and continuously promoted and
27 used its federally registered parts.com® mark throughout the United States. The mark, therefore,
28 has become a famous and well-known symbol of Parts.com as a source of automotive

1 replacement parts, accessories, catalogues and related materials well before Yahoo began
2 providing, promoting, marketing, and sponsoring links to the websites of competitive third party
3 vendors of automotive parts, accessories and catalogues unaffiliated with Parts.com through
4 illegal use and infringement of the parts.com® mark in Yahoo's display of search results and
5 sponsored links.

6 55. Yahoo is making use in commerce of a mark that dilutes and is likely to dilute the
7 distinctiveness of Parts.com's parts.com® mark by eroding the public's exclusive identification
8 of the parts.com® mark with Parts.com, tarnishing and degrading the positive associations and
9 connections of the parts.com® mark, and otherwise lessening the capacity of the parts.com®
10 mark to identify and distinguish Parts.com's goods and services.

11 56. Yahoo's acts and misconduct alleged herein demonstrate an intentional, willful
12 and malicious intent to trade on the goodwill associated with Parts.com's federally registered
13 parts.com® mark to Parts.com's great and irreparable injury.

14 57. Yahoo has caused and is likely to continue causing substantial injury to
15 Parts.com's goodwill and business reputation, and dilution of the distinctiveness and value of
16 Parts.com's parts.com® mark in violation of 15 U.S.C. § 1125(c). Parts.com is therefore entitled
17 to injunctive relief and to recover Yahoo's profits, actual damages, enhanced profits and
18 damages, costs, and reasonable attorneys' fees under 15 U.S.C. §§ 1114, 1116, and 1117.

19 **SIXTH CLAIM FOR RELIEF**

20 **(State Trademark Dilution and Injury to Business Reputation)**

21 58. Parts.com realleges and incorporates by references paragraphs 1 through 57 of this
22 Complaint as though set forth fully herein.

23 59. Since at least 1999, Parts.com has exclusively and continuously promoted and
24 used its federally registered parts.com® mark throughout the United States. The mark, therefore,
25 has become a famous and well-known symbol of Parts.com as a source of automotive
26 replacement parts, accessories, catalogues and related materials well before Yahoo began
27 providing, promoting, marketing, and sponsoring links to the websites of competitive third party
28 vendors of automotive parts and catalogues unaffiliated with Parts.com through illegal use and

1 infringement of the parts.com® mark in Yahoo's display of search results and sponsored links.

2 60. Yahoo is making use in commerce of a mark that dilutes and is likely to dilute the
3 distinctiveness of Parts.com's parts.com® mark by eroding the public's exclusive identification
4 of the parts.com® mark with Parts.com, tarnishing and degrading the positive associations and
5 connections of the parts.com® mark, and otherwise lessening the capacity of the parts.com®
6 mark to identify and distinguish Parts.com's goods and services.

7 61. Yahoo is causing and will continue to cause irreparable injury to Parts.com's
8 goodwill and business reputation, and dilution of the distinctiveness and value of Parts.com's
9 parts.com® mark in violation of California's Cal. Bus. & Prof. Code § 14247. Parts.com is
10 therefore entitled to injunctive relief, compensatory and punitive damages, reasonable attorneys'
11 fees and costs.

12 **PRAYER FOR RELIEF**

13 WHEREFORE, Parts.com prays that:

14 (a) Yahoo and all of its agents, officers, employees, representatives, successors, assigns,
15 and all other persons acting for, with, by, through, or under authority from Yahoo, or
16 in concert or participation with Yahoo, be enjoined permanently from:

- 17 a. Using Parts.com's parts.com® mark or any other confusingly similar variation
18 thereof to sponsor or link to the websites of any vendors other than that of
19 Parts.com in connection with Yahoo's business, search results, or services;
- 20 b. Using any trademark, logo, design, or source designation of any kind on, or in
21 connection with, Yahoo's business, search results, or services that is a copy,
22 reproduction, colorable imitation, or simulation of, or confusingly similar to,
23 Parts.com's parts.com® mark;
- 24 c. Using any trademark, logo, design, or source designation of any kind on or in
25 connection with Yahoo's business, search results, or services that is likely to
26 cause confusion, mistake, deception, or public misunderstanding that such
27 business or services are provided, endorsed, sponsored, authorized, affiliated or
28

1 associated with Parts.com;

2 d. Using any trademark, logo, design, or source designation of any kind on or in
3 connection with Yahoo's business, search results, or services that dilutes or is
4 likely to dilute the distinctiveness of Parts.com's parts.com® mark; and

5 e. Passing off, palming off, or assisting in passing off or palming off Yahoo's
6 business, search results, or services as those of or sponsored by Parts.com, or
7 otherwise continuing any and all acts of unfair competition as alleged herein;

8 (b) Yahoo be ordered to cease using, sponsoring, marketing, promoting and/or providing
9 links to any vendors of goods or services bearing, using or associated with the
10 parts.com® mark or any other confusingly similar variation thereof;

11 (c) Yahoo be ordered to account to Parts.com for any and all profits and monies earned by
12 Yahoo from sponsoring links using the parts.com® mark as alleged herein;

13 (d) Yahoo equired to pay Parts.com all monetary damages caused by Yahoo;

14 (e) Parts.com's damages against Yahoo be trebled and enhanced under 15 U.S.C.

15 §§ 1117(a) and (b) based on Yahoo's knowing and intentional use of a term that is
16 confusingly similar to the parts.com® mark;

17 (f) Yahoo be required to pay Parts.com the costs and reasonable attorneys' fees incurred
18 by Parts.com in this action under 15 U.S.C. § 1117(a) and the state statutes cited
19 herein;

20 (g) Parts.com be awarded punitive damages against Yahoo for willful and deliberate
21 infringement and/or dilution of Parts.com's parts.com® mark;

22 (h) Yahoo be required to pay pre-judgment and post-judgment interest to Parts.com on all
23 damages and profits awarded herein;

24 (i) Parts.com be awarded such other and further relief as the Court deems just and proper.

1 Dated: May 6, 2013

SAN DIEGO IP LAW GROUP LLP

2
3 By: s/James V. Fazio, III

4 JAMES V. FAZIO, III
TREVOR Q. CODDINGTON, PH.D.

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6 Attorneys for Plaintiff
PARTS.COM, LLC
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DEMAND FOR JURY TRIAL

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Parts.com, LLC hereby demands a trial by jury of all issues so triable.

Dated: May 6, 2013

SAN DIEGO IP LAW GROUP LLP

By: s/James V. Fazio, III

JAMES V. FAZIO, III
TREVOR Q. CODDINGTON, PH.D.

Attorneys for Plaintiff
PARTS.COM, LLC